

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS **Agenda Item #3**

Representing City and County Governments of the San Francisco Bay Area

Attachment A



SUMMARY MINUTES

ABAG Power Executive Committee

Teleconference Meeting 2007-02

April 18, 2007

Metro Center, 101 8th Street, Oakland, CA 94607

WELCOME AND INTRODUCTIONS

Chairman Ed Buonaccorsi opened the meeting with introductions at 12:00 p.m.

Committee Representatives Present

Scott Baker (via teleconference)
Ed Buonaccorsi, Chairman (via teleconference)
John Cerini, Vice-Chairman
Terry Mann (via teleconference)
Raj Pankhania (via teleconference)

Jurisdictions

City of Pleasanton
City of Santa Rosa
City of Vallejo
County of Contra Costa
City of Hercules

Committee Representatives Absent

Jennifer Mennucci
Ron Popp

Golden Gate Bridge District
City of Millbrae

Staff Present

Jerry Lahr
Vina Maharaj
Kenneth Moy

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PUBLIC COMMENTS/ANNOUNCEMENTS

There were no public comments.

APPROVAL OF SUMMARY MINUTES OF FEBRUARY 21, 2007 MEETING

Motion was made by Baker/S/Cerini/Roll Call Vote/C/5:0:0 to approve the Summary Minutes of February 21, 2007 Executive Committee Meeting.

INFORMATIONAL ITEMS

The San Joaquin Valley Power Authority in partnership with 12 local cities, including the City of Fresno have submitted their implementation plan and statement of intent to the California Public Utilities Commission to engage in regional resource planning and to explore a new energy model, Community Choice Aggregation. CPUC is currently reviewing the plan and a decision is expected in early May.

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BioEnergy Solutions, a Central Valley waste-to-energy company announced an agreement with PG&E to deliver renewable energy to PG&E's customers. Under the agreement, BioEnergy Solutions will deliver up to three billion cubic feet of renewable natural gas a year to PG&E. BioEnergy Solutions' first project will be Vintage Dairy in Fresno County. Manure from the farm's 3,000 dairy cows will be flushed into covered lagoons that will trap the methane gas produced as the manure decomposes. The methane will be "scrubbed" to remove carbon dioxide and corrosive materials to meet PG&E's industry leading environmental standards for power plants, then delivered to PG&E through the utility's pipeline. PG&E will use the natural gas to deliver renewable electricity to its customers in Central and Northern California.

The City of Rohnert Park has adopted new Green Building and Energy Efficiency Ordinances which cover all new residential and commercial construction, all commercial tenant improvements, and residential additions greater than 500 square feet. The Green Building Ordinance will be effective for all building permit applications submitted on, or after, July 1, 2007. This news was reported at a recent California Energy Commission's meeting.

REPORT ON NATURAL GAS PROGRAM

Monthly Summary of Operations

Lahr provided members with the monthly Summary of Operations report for FY 2006-07. Two of the higher priced long term gas purchase contracts priced at \$9.60 and \$9.16 expired at the end of March, 2007. The remaining fixed-price contracts are all priced lower. Lahr mentioned that he is looking into the potential to purchase gas indexed to PG&E's core procurement rate. He has had initial discussions with Coral/Shell on this topic.

The winter period ended with approximately 30,000 decatherms of gas left in storage. This gas will be carried over for use during next winter, and the program will not have to purchase as much storage gas this summer.

Lahr said that the program is moving back toward a more favorable comparison with PG&E.

Gas Hedge Chart

Lahr provided a chart showing ABAG POWER's long term gas purchases. He mentioned the various long term purchases and their ending periods. No long term purchases (i.e. greater than one month) were made in the past few months.

Imbalance Tracking Chart

Lahr said that during last summer and early fall, ABAG POWER bought extra gas and traded it against the Operating Imbalance. ABAG POWER has now come back well within the imbalance range which was set by the Committee.

Gas Price Comparison 2003-06

Lahr provided a Gas Price Comparison spreadsheet comparing ABAG POWER's commodity costs, with PG&E's Core Procurement (GNR-1) costs since 2003, and he explained the methods used in this comparison.

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Renewable Energy Certificates (RECs)

Renewable Energy Credits are the property rights to the environmental benefits from generating natural gas from renewable energy sources. These certificates can be sold and traded and the owner of the REC can legally claim to have purchased renewable energy. While there are currently no requirements to purchases these, it may become a requirement at some point if organizations are petitioned to take action to reduce green house gas emissions or carbon footprint. Purchasing RECs may be one way of meeting that requirement. In his discussions with Coral Energy, Lahr said they mentioned having 3 million megawatts worth of Solar power RECs for sale indicating that there is a market out there for RECs. Lahr suggested this will be worth looking into at some time in the future.

Members agreed that ABAG POWER needs to move towards the green market and look at all possibilities that are out there.

Natural Gas Regulatory Update

Lahr provided the members with a copy of the "Notice of Availability of PG&E Company's 2008 Gas Transmission and Storage Rate application" which was filed with the California Public Utilities Commission on March 15, 2007. ABAG POWER was a party in the settlement talks with PG&E. A proposed decision is expected soon.

A copy of "Joint Reply Brief of the School Project for Utility Rate Reduction (SPURR) and ABAG Publicly Owned Energy Resources" was provide to the members. For the past few years, PG&E has put forward emergency applications before the CPUC to hedge their natural gas costs outside of the normal incentive mechanisms. They received emergency approvals by the CPUC. CPUC now wants to look at this more extensively and has asked PG&E for a full application. ABAG POWER has opposed PG&E's request for extensive confidentiality with respect to their hedging plan. A draft decision is expected soon.

ABAG ENERY WATCH UPDATE

Lahr provided the members with an update on the ABAG Energy Watch Program and as per their prior request, the Project's Tracking Report. He said the program has already enrolled forty-six members with the goal being 50.

The Program, through its prime implementer Energy Solutions and in coordination with PG&E, is now striving to move projects forward, however, is falling behind due to a variety of reasons, including: updating and implementing PG&E's procedures, and the time delay in moving projects through the local government approval process. A meeting with PG&E will take place to discuss how to streamline PG&E's approval and application processes. PG&E is looking for more commitment from member jurisdictions.

An ABAG Energy Watch Workshop is to be held on June 12th at the Pacific Energy Center. The discussion will be centered on a combination of climate action and energy efficiency subjects.

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Local Government Sustainable Energy Coalition (LGSEC)

Local Government Energy Professionals, an ad hoc statewide group have been meeting on a quarterly basis for several years in Northern and Southern California. Their focus has been on a number of energy and environmental regulatory issues, such as energy efficiency, the Global Warming Solutions Act (AB 32), California solar initiatives, distributive resources, demand response, green building initiatives and local governments' involvement with the California Public Utilities Commission, Energy Commission and Air Resources Board. The new formal name of the organization is Local Government Sustainable Energy Coalition (LGSEC). The LGSEC is now seeking formal membership from local governmental entities. Entities may join the organization by signing the Memorandum of Understanding and paying the requisite dues.

ABAG as an entity has signed as a contributing member of the LGSEC.

ADJOURNMENT

Chairman Buonaccorsi adjourned the meeting at 1:50 p.m.

/vm

*Example of a motion – *[Member No. 1/S/Member No. 2/roll call vote/C/8:0:0]* means Member No.1 motions, seconded by Member No.2, after roll call vote, motion carries, 8 = “yes” votes, 0 = “no” votes and 0 = abstentions